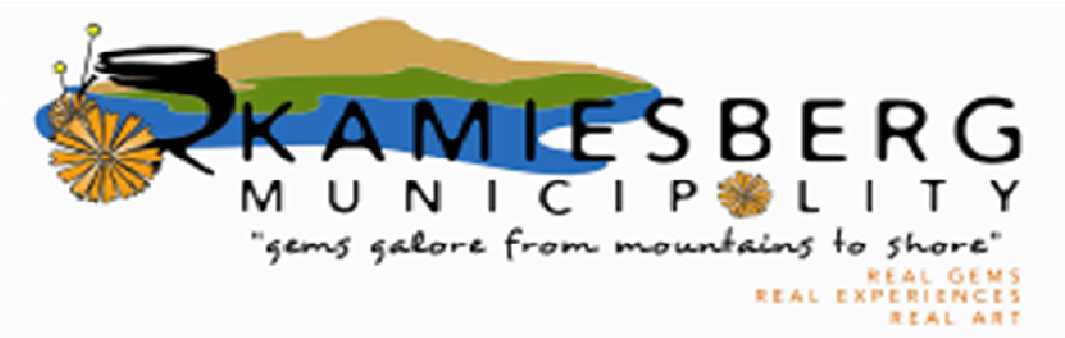
KAMIESBERG
MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2016

KAMIESBERG MUNICIPALITY

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KAMIESBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

Kamiesberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) Grade 2 as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Kamiesberg Municipality includes the following areas of Garies, Hondeklipbaai, Kamassies, Kheis, Kharkams, Kamieskroon, Klipfontein, Leliefontein, Lepelsfontein, Nourivier, Paulshoek, Rooifontein, Soebatsfontein, Spoegrivier and Tweerivier.

MUNICIPAL MANAGER

JG Cloete

CHIEF FINANCIAL OFFICER

R Beukes

REGISTERED OFFICE

Private Bag X200
Garies
8220

AUDITORS

Auditor-General
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

First National Bank

ATTORNEYS

Schreuders

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

MEMBERS OF THE MUNICIPALITY

WARD	COUNCILLOR
1	EA Stewens (resigned 10/08/2016)
1	LE Petersen (appointed 18/08/2016)
2	MC Rooi (appointed 18/08/2016)
3	HG Links (resigned 10/08/2016)
3	SC Nero
4	MJ Cloete
Proportional	MR Klaase (resigned 10/08/2016)
Proportional	MS Cardinal (resigned 10/08/2016)
Proportional	PJ Willems
Proportional	CC Kordom (appointed 18/08/2016)
Proportional	RO Adams (appointed 18/08/2016)

KAMIESBERG MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2016, which are set out on pages 1 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

JG Cloete
Municipal Manager

Date

KAMIESBERG MUNICIPALITY

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STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 R	2015 R	2015 Previous	Change in Acc Policy Dt	Change in Acc Policy Ct	Correction of Error Dt	Correction of Error Ct
NET ASSETS AND LIABILITIES								
Net Assets		**53 020 069**	**57 841 432**					
Accumulated Surplus/(Deficit)		53 020 069	57 841 432	71 616 655			56 254 379	42 479 157
Non-Current Liabilities		**21 481 411**	**18 469 596**					
Long-term Liabilities	**2**	565 265	501 171	344 236			53 065	210 000
Non-current Provisions	**3**	17 743 591	15 328 150	15 328 150				
Non-current Employee Benefits	**4**	3 172 555	2 640 275	2 640 275				
Current Liabilities		**49 553 855**	**44 935 343**					
Consumer Deposits	**5**	1 363 884	1 369 119	1 369 119				
Current Employee Benefits	**6**	1 869 097	1 794 542	1 794 542				
Payables from exchange transactions	**7**	41 995 944	31 774 774	33 188 889			28 038 569	26 624 454
Unspent Conditional Government Grants and Receipts	**8**	4 141 952	9 854 167	9 854 167				
Taxes	**9.1**	-	-	75 747			2 093 970	2 018 224
Current Portion of Long-term Liabilities	**2**	182 978	142 742	142 742				
Total Net Assets and Liabilities		**124 055 334**	**121 246 371**	136 354 521	-	-	86 439 984	71 331 835
ASSETS								
Non-Current Assets		**112 375 824**	**111 819 186**					
Property, Plant and Equipment	**11**	109 807 404	109 240 368	125 995 051			9 457 933	26 212 615
Investment Property	**12**	2 471 010	2 471 010	2 482 496			1 177 600	1 189 086
Intangible Assets	**13**	97 410	107 807	107 807				
Current Assets		**11 679 511**	**9 427 186**					
Inventory	**14**	94 043	81 995	81 995				
Receivables from exchange transactions	**15**	4 924 251	4 875 760	4 875 760				
Receivables from non-exchange transactions	**16**	3 093 306	1 946 631	1 946 631				
Operating Lease Asset	**17**	-	6	6				
Taxes	**9.2**	2 996 938	1 658 019	-			1 658 019	
Cash and Cash Equivalents	**18.1**	570 973	864 775	864 775				
Total Assets		**124 055 334**	**121 246 371**	136 354 521	-	-	12 293 552	27 401 701
Balance		-	0	-	-	-	74 146 432	43 930 133

KAMIESBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 R	2015 R	2015 Previous	Change in Acc Policy Dt	Change in Acc Policy Ct	Correction of Error Dt	Correction of Error Ct
REVENUE								
Revenue from Non-exchange Transactions		**34 577 659**	**31 826 885**					
Taxation Revenue		**5 747 423**	**6 293 251**					
Property Rates	**19**	5 747 423	6 293 251	6 293 251				
Transfer Revenue		**28 824 010**	**25 496 159**					
Government Grants and Subsidies	**20**	28 729 637	25 380 294	25 380 294				
Public Contributions and Donations	**21**	94 372	115 865	115 865				
Other Revenue		**6 226**	**37 475**					
Fines		6 226	3 498	3 498				
Actuarial Gains	**4**	-	33 977	33 977				
Revenue from Exchange Transactions		**14 258 833**	**14 130 549**					
Service Charges	**22**	8 938 200	9 840 000	9 840 000				
Rental of Facilities and Equipment	**23**	280 652	280 624	280 624				
Interest Earned - external investments	**24**	141 101	140 637	140 637				
Interest Earned - outstanding receivables	**25**	3 303 821	2 545 667	2 545 667				
Licences and Permits		130 022	122 434	122 434				
Income for Agency Services		375 758	392 899	392 899				
Other Income	**26**	1 089 281	808 289	808 289				
Total Revenue		**48 836 492**	**45 957 434**	45 957 434	-	-	-	-
EXPENDITURE								
Employee related costs	**27**	(17 412 552)	(16 043 977)	(16 054 978)				(11 000)
Remuneration of Councillors	**28**	(2 293 373)	(2 292 447)	(2 292 447)				
Debt Impairment	**29**	(4 213 642)	(10 647 033)	(9 233 822)				1 413 211
Depreciation and Amortisation	**30**	(8 768 038)	(9 647 947)	(9 647 947)				
Repairs and Maintenance		(519 676)	(588 860)	(588 860)				
Actuarial Losses	**4**	(64 369)	(13 538)	(13 538)				
Finance Costs	**31**	(4 105 266)	(1 692 479)	(1 752 919)				(60 440)
Bulk Purchases	**32**	(8 709 058)	(4 873 407)	(5 088 521)			215 114	
Contracted Services		(194 231)	(647 127)	(647 127)				
Other Operating Grant Expenditure	**33**	(1 807 284)	(1 623 400)	(1 623 400)				
General Expenses	**34**	(5 526 668)	(5 544 792)	(5 158 349)			(1 086 806)	(700 363)
Total Expenditure		**(53 614 157)**	**(53 615 006)**	(52 101 906)	-	-	(871 692)	641 408
Operating Surplus for the Year		**(4 777 665)**	**(7 657 572)**	**(6 144 472)**	**-**	**-**	**(871 692)**	**641 408**
Gains/(Loss) on Sale of Assets	**35**	(182 322)	(73 811)	(49 471)			24 340	
(Impairment loss)/Reversal of impairment loss	**36**	138 624	-					
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(4 821 363)**	**(7 731 383)**	**(6 193 943)**	**-**	**-**	**(847 352)**	**641 408**

KAMIESBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 July 2014	**77 810 598**	**77 810 598**
Correction of Errors - Note 37.6	(12 237 783)	(12 237 783)
Restated balance	65 572 815	65 572 815
Net Surplus/(Deficit) for the year	(7 731 383)	(7 731 383)
Net Surplus/(Deficit) previously reported	(6 193 943)	(6 193 943)
Effects of Correction of Errors - Note 37.7	(1 537 440)	(1 537 440)
Restated balance at 30 June 2015	**57 841 432**	**57 841 432**
Net Surplus/(Deficit) for the year	(4 821 363)	(4 821 363)
Balance at 30 June 2016	**53 020 069**	**53 020 069**
Statement of Financial Position	53 020 069	53 020 069
Difference	0.18	0.18
Notes		
Difference		

KAMIESBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 R	2015 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		2 007 579	2 429 618
Service Charges		10 553 974	6 261 544
Government - Operating		15 057 422	17 963 386
Government - Capital		7 960 000	9 129 000
Interest		141 101	140 637
Other receipts		1 995 398	1 635 836
Cash payments			
Employee costs		(19 402 100)	(17 973 943)
Suppliers		(7 930 613)	(10 569 738)
Finance costs		(2 357 619)	(679 005)
Net Cash from Operating Activities	**38**	**8 025 143**	**8 337 336**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(9 521 259)	(9 092 246)
Proceeds on Disposal of Assets		1 103 218	51 840
Net Cash from Investing Activities		**(8 418 040)**	**(9 040 406)**
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing - Long term/Refinancing		541 013	273 960
Increase/(Decrease) in Consumer Deposits		(5 235)	1 339 346
Repayment of Borrowing		(436 684)	(240 664)
Net Cash from Financing Activities		**99 094**	**1 372 641**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(293 804)	669 571
Cash and Cash Equivalents at the beginning of the year		864 775	195 204
Cash and Cash Equivalents at the end of the year	**39**	570 973	864 775
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(293 802)**	**669 571**
Cash and Cash Equivalents per Balance Sheet		570 973	864 775
Difference		(1.23)	(0.30)
Difference		-	0.00

KAMIESBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2016 R	%
ASSETS									
Current Assets									
Cash		1 592 000	-	1 592 000	-	-	1 592 000	51 236	-96.78%
Call Investment Deposits		602 526	-	602 526	-	-	602 526	519 737	100.00%
Consumer Debtors		37 996 000	-	37 996 000	-	-	37 996 000	7 915 502	100.00%
Other Debtors		2 863 000	-	2 863 000	-	-	2 863 000	3 098 993	8.24%
Current Portion of long-term receivables			-	-	-	-	-	-	
Inventory		56 749	-	56 749	-	-	56 749	94 043	65.72%
Total Current Assets	**42.2.1**	43 110 275	-	43 110 275	-	-	43 110 275	11 679 511	-72.91%
Non-Current Assets									
Long-term receivables			-	-	-	-	-	-	
Investments			-	-	-	-	-	-	
Investment Property		502 000	-	502 000	-	-	502 000	2 471 010	392.23%
Investment in Associates			-	-	-	-	-	-	
Property, Plant and Equipment		103 788 000	-	103 788 000	-	-	103 788 000	109 807 404	5.80%
Agricultural Assets			-	-	-	-	-	-	
Biological Assets			-	-	-	-	-	-	
Intangible Assets			-	-	-	-	-	97 410	100.00%
Other Non-Current Assets			-	-	-	-	-	-	
Total Non-Current Assets	**42.2.2**	104 290 000	-	104 290 000	-	-	104 290 000	112 375 824	7.75%
TOTAL ASSETS		147 400 275	-	147 400 275	-	-	147 400 275	124 055 334	-15.84%
LIABILITIES									
Current Liabilities									
Bank Overdraft			-	-	-	-	-	-	
Borrowing		163 398	-	163 398	-	-	163 398	182 978	-100.00%
Consumer Deposits			-	-	-	-	-	1 363 884	100.00%
Trade and Other Payables		38 181 486	-	38 181 486	-	-	38 181 486	46 137 896	20.84%
Provisions			-	-	-	-	-	1 869 097	100.00%
Total Current Liabilities	**42.2.3**	38 344 884	-	38 344 884	-	-	38 344 884	49 553 855	29.23%
Non-Current Liabilities									
Borrowing		290 285	-	290 285			290 285	565 265	94.73%
Provisions		10 996 993	-	10 996 993			10 996 993	20 916 146	90.20%
Total Non-Current Liabilities	**42.2.4**	11 287 278	-	11 287 278	-	-	11 287 278	21 481 411	90.32%
TOTAL LIABILITIES		49 632 162	-	49 632 162	-	-	49 632 162	71 035 265	43.12%
NET ASSETS									
Accumulated Surplus/(Deficit)		97 768 113	-	97 768 113			97 768 113	53 020 069	-45.77%
Reserves			-				-	-	
Minorities' Interests			-				-	-	
TOTAL NET ASSETS	**42.2.5**	97 768 113	-	97 768 113	-	-	97 768 113	53 020 069	-45.77%
		-	-	-	-	-	-	-	

KAMIESBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2016 R	%
REVENUE									
Property Rates		7 833 097	1 188 725	9 021 822	-	-	9 021 822	5 747 423	-36.29%
Property Rates - Penalties & Collection Charges			-	-	-	-	-	-	
Service Charges - Electricity Revenue		5 751 905	789 561	6 541 466	-	-	6 541 466	4 305 948	-34.17%
Service Charges - Water Revenue		3 842 985	583 361	4 426 346	-	-	4 426 346	2 270 173	-48.71%
Service Charges - Sanitation Revenue		1 399 519	134 708	1 534 227	-	-	1 534 227	1 407 012	-8.29%
Service Charges - Refuse Revenue		1 789 720	288 286	2 078 006	-	-	2 078 006	955 066	-54.04%
Service Charges - Other Revenue			-	-	-	-	-	-	
Rental of Facilities and Equipment		273 580	-	273 580	-	-	273 580	280 652	2.58%
Interest Earned - External Investments			-	-	-	-	-	141 101	100.00%
Interest Earned - Outstanding Debtors		1 305 412	-	1 305 412	-	-	1 305 412	3 303 821	153.09%
Dividends Received			-	-	-	-	-		
Fines		1 988	-	1 988	-	-	1 988	6 226	213.18%
Licences and Permits		636	-	636	-	-	636	130 022	20343.63%
Agency Services			-	-	-	-	-	375 758	100.00%
Transfers Recognised - Operational		21 333 000	(8 990 054)	12 342 946	-	-	12 342 946	19 561 014	58.48%
Other Revenue		1 396 847	769 852	2 166 699	-	-	2 166 699	1 089 281	-49.73%
Gains on Disposal of PPE			-	-	-	-	-	(182 322)	
Total Revenue (excluding capital transfers and contributions)	**42.2.6**	44 928 689	(5 235 561)	39 693 128	-	-	39 693 128	39 391 174	-0.76%
EXPENDITURE									
Employee Related Costs		15 813 568	-	15 813 568	-	-	15 813 568	17 476 920	10.52%
Remuneration of Councillors		2 714 582	-	2 714 582	-	-	2 714 582	2 293 373	-15.52%
Debt Impairment		2 001 311	-	2 001 311	-	-	2 001 311	4 213 642	110.54%
Depreciation and Asset Impairment		2 865 292	-	2 865 292	-	-	2 865 292	8 629 414	201.17%
Finance Charges		70 566	-	70 566	-	-	70 566	4 105 266	5717.63%
Bulk Purchases		11 397 857	(700 250)	10 697 607	-	-	10 697 607	8 709 058	-18.59%
Other Materials		3 475 000	-	3 475 000	-	-	3 475 000	-	
Contracted Services		100 466	(100 000)	466	-	-	466	194 231	100.00%
Transfers and Grants		2 311 000	-	2 311 000	-	-	2 311 000	-	
Other Expenditure		13 355 842	(1 052 815)	12 303 027	-	-	12 303 027	7 853 628	-36.17%
Loss on Disposal of PPE			-	-	-	-	-		100.00%
Total Expenditure	**42.2.7**	54 105 484	(1 853 065)	52 252 419	-	-	52 252 419	53 475 533	2.34%
Surplus/(Deficit)		(9 176 795)	(3 382 496)	(12 559 291)	-	-	(12 559 291)	(14 084 359)	12.14%
Transfers Recognised - Capital		7 960 000	1 056 000	9 016 000	-	-	9 016 000	9 168 623	1.69%
Contributions Recognised - Capital		-	-	-	-	-	-	94 372	
Contributed Assets		-	-	-	-	-	-	-	
Surplus/(Deficit) after Capital Transfers & Contributions		(1 216 795)	(2 326 496)	(3 543 291)	-	-	(3 543 291)	(4 821 363)	36.07%
Taxation		-	-	-	-	-	-	-	
Surplus/(Deficit) after Taxation		(1 216 795)	(2 326 496)	(3 543 291)	-	-	(3 543 291)	(4 821 363)	36.07%
Attributable to Minorities			-				-		
Surplus/(Deficit) Attributable to Municipality		(1 216 795)	(2 326 496)	(3 543 291)	-	-	(3 543 291)	(4 821 363)	36.07%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-	
Surplus/(Deficit) for the year		(1 216 795)	(2 326 496)	(3 543 291)	-	-	(3 543 291)	(4 821 363)	36.07%
								(4 821 363)	
								(0)	

KAMIESBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2016	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other		22 292 000	-	22 292 000	-	-	22 292 000	14 556 952	-34.70%
Government - Operating		21 333 000	-	21 333 000	-	-	21 333 000	15 057 422	-29.42%
Government - Capital		7 960 000	-	7 960 000	-	-	7 960 000	7 960 000	0.00%
Interest		1 305 000	-	1 305 000	-	-	1 305 000	141 101	-89.19%
Dividends			-				-		
Payments									
Suppliers and Employees		(39 031 000)	-	(39 031 000)	-	-	(39 031 000)	(27 332 712)	-29.97%
Finance Charges		(71 000)	-	(71 000)	-	-	(71 000)	(2 357 619)	3220.59%
Transfers and Grants		(9 173 000)	-	(9 173 000)	-	-	(9 173 000)		
Net Cash from/(used) Operating Activities	**42.2.8**	4 615 000	-	4 615 000	-	-	4 615 000	8 025 143	73.89%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-	1 103 218	-100.00%
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	-		
Decrease/(Increase) in Other Non-Current Receivables		-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Investments		-	-	-	-	-	-	-	
Payments									
Capital Assets		(18 486 000)	-	(18 486 000)	-	-	(18 486 000)	(9 521 259)	-48.49%
Net Cash from/(used) Investing Activities	**42.2.9**	(18 486 000)	-	(18 486 000)	-	-	(18 486 000)	(8 418 040)	-54.46%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans		-	-	-	-	-	-		
Borrowing long term/refinancing		33 000	-	33 000	-	-	33 000	541 013	1539.43%
Increase/(Decrease) in Consumer Deposits		-	-	-	-	-	-	(5 235)	
Payments									
Repayment of Borrowing		-	-	-	-	-	-	(436 684)	100.00%
Net Cash from/(used) Financing Activities	**42.2.10**	33 000	-	33 000	-	-	33 000	99 094	200.28%
NET INCREASE/(DECREASE) IN CASH HELD		(13 838 000)	-	(13 838 000)	-	-	(13 838 000)	(293 804)	-97.88%
Cash and Cash Equivalents at the year begin:		2 951 000	-	2 951 000			2 951 000	864 775	-70.70%
Cash and Cash Equivalents at the year end:		(10 887 000)	-	(10 887 000)	-	-	(10 887 000)	570 972	-105.24%
								570 973	
								-1	

		2016 R	2015 R
2.	**LONG TERM LIABILITIES**		
	Capitalised Lease Liability - At amortised cost	748 243	486 978
	Correction of Error - Note 37.1	-	156 935
		748 243	**643 913**
	Less: Current Portion transferred to Current Liabilities	**(182 978)**	**(142 742)**
	Capitalised Lease Liability - At amortised cost	(182 978)	(142 742)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**565 265**	**501 171**

2.1 The obligations under finance leases are scheduled below:

	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	284 232	204 360
Payable within two to five years	720 795	407 995
Payable after five years	-	-
	1 005 027	612 355
Less: Future finance obligations	(256 784)	(125 377)
Present value of finance lease obligations	**748 243**	**486 978**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua Mobile	Laptops & Modems	0%	0%	2 Years	30/06/2017
Nashua	Fax machines and Copiers	17%	0%	5 Years	31/03/2021

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 11

3.	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	17 743 591	15 328 150
	Total Non-current Provisions	**17 743 591**	**15 328 150**
3.1	***Landfill Sites***		
	Balance 1 July	15 328 150	8 056 816
	Contribution for the year	1 509 005	867 631
	Change in Provision for Rehabilitation Cost	906 436	6 403 702
	Total provision 30 June	**17 743 591**	**15 328 150**
	Less: Transfer of Current Portion to Current Provisions	-	-
	Balance 30 June	**17 743 591**	**15 328 150**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Hondeklip Bay	Klipfontein	Soebatsfontein	Garies
Area (m^2)	6 175	2 392	2 952	12 878
Rehabilitation volume (m^3)	1 890	550	960	8 500
Fence (m)	420	-	350	-
Cost of fence (Rand)	258 300	-	215 250	-
Site Clearance (R70/m^3)	132 300	38 500	67 200	595 000
Excavation cost (R120/m^3)	313 500	195 000	260 400	3 090 000
Filling (R60/m^2)	370 500	143 520	177 120	772 680
Environmental impact assessment (Rand)	220 000	-	-	220 000
Application for permits (Rand)	37 000	-	-	37 000
Preliminary and general (Rand)	161 190	56 553	107 995	668 652
Fees and expenses (Rand)	123 579	43 357	82 797	512 633

	Tweerivier	Kharkams	Spoegrivier	Nourivier
Area (m^2)	4 268	3 662	2 490	4 650
Rehabilitation volume (m^3)	460	1 267	480	234
Fence (m)	-	-	200	-
Cost of fence (Rand)	-	-	123 000	-
Site Clearance (R60/m^3)	32 200	88 690	33 600	16 380
Excavation cost (R40/m^3)	195 600	486 120	174 000	114 240
Filling (R20/m^2)	256 080	219 720	149 400	279 000
Preliminary and general (Rand)	72 582	119 180	72 000	61 443
Fees and expenses (Rand)	55 646	91 371	55 200	47 106

	Leliefontein	Rooifontein/ Kamassies	Paulshoek	Kamieskroon
Area (m^2)	5 250	6 440	4 900	14 500
Rehabilitation volume (m^3)	750	484	607	4 100
Fence (m)	-	-	-	460
Cost of fence (Rand)	-	-	-	282 900
Site Clearance (R60/m^3)	52 500	33 880	42 490	287 000
Excavation cost (R40/m^3)	300 000	204 240	248 520	1 506 000
Filling (R20/m^2)	315 000	386 400	294 000	870 000
Preliminary and general (Rand)	100 125	93 678	87 752	441 885
Fees and expenses (Rand)	76 763	71 820	67 276	338 779

The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	2016 R	2015 R
Hondeklip Bay	2036	9 561 949	3 949 776
Klipfontein	2036	2 821 375	1 283 521
Soebatsfontein	2036	5 387 792	2 657 328
Garies	2020	8 413 101	6 689 301
Tweerivier	2036	3 621 046	1 686 518
Kharkams	2036	5 945 751	2 211 610
Spoegrivier	2036	3 592 011	1 540 932
Nourivier	2036	3 065 332	1 353 548
Leliefontein	2036	4 995 140	1 972 897
Rooifontein/Kamassies	2036	4 673 506	2 144 540
Paulshoek	2036	4 377 838	1 913 229
Kamieskroon	2036	22 045 219	11 452 377
		78 500 059	**38 855 577**

4. NON-CURRENT EMPLOYEE BENEFITS

	2016 R	2015 R
Provision for Post Retirement Health Care Benefits	2 287 611	1 902 843
Provision for Long Service Awards	884 944	737 432
Total Non-current Employee Benefits	**3 172 555**	**2 640 275**

Post Retirement Health Care Benefits

Balance 1 July	1 939 467	1 696 166
Contribution for the year	362 243	314 891
Expenditure for the year	(39 665)	(37 613)
Actuarial Loss/(Gain)	64 206	(33 977)
Total provision 30 June	**2 326 251**	**1 939 467**
Less: Transfer of Current Portion to Current Provisions - Note 6	(38 640)	(36 624)
Balance 30 June	**2 287 611**	**1 902 843**

	2016 R	2015 R
Long Service Awards		
Balance 1 July	857 516	774 802
Contribution for the year	154 394	132 491
Expenditure for the year	(49 774)	(63 315)
Actuarial Loss/(Gain)	162	13 538
Total provision 30 June	**962 298**	**857 516**
Less: Transfer of Current Portion to Current Provisions - Note 6	(77 354)	(120 084)
Balance 30 June	**884 944**	**737 432**

4.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	23	20
In-service (employee) non-members	64	65
Continuation members (e.g. Retirees, widows, orphans)	2	2
Total Members	**89**	**87**

The liability in respect of past service has been estimated to be as follows:

In-service members	1 093 881	820 417
In-service non-members	928 400	811 365
Continuation members	303 970	307 685
Total Liability	**2 326 251**	**1 939 467**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
In-service members	741 939	513 533	393 335
In-service non-members	643 148	394 603	300 382
Continuation members	306 862	289 763	282 340
Total Liability	1 691 949	1 197 899	976 057

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health

The Current-service Cost for the ensuing year is estimated to be R204 305, whereas the Interest Cost for the next year is estimated to be R218 803.

Key actuarial assumptions used:	2016 %	2015 %
i) Rate of interest		
Discount rate	9.48	9.10
Health Care Cost Inflation Rate	8.51	8.26
Net Effective Discount Rate	0.90	0.78

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 63 years for males and 58 years for females.

iv) Expected rate of salary increases

2016/2017 - average CPI (Feb 2015 – Jan 2016) + 1 per cent
2017/2018 - average CPI (Feb 2016 – Jan 2017) + 1 per cent

	2016 R	2015 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2 326 251	1 939 467
Fair value of plan assets	-	-
	2 326 251	1 939 467
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	**2 326 251**	**1 939 467**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 939 467	1 696 166
Total expenses	322 578	277 278
Current service cost	187 313	165 472
Interest Cost	174 930	149 419
Benefits Paid	(39 665)	(37 613)
Actuarial (gains)/losses	64 206	(33 977)
Present value of fund obligation at the end of the year	2 326 251	1 939 467
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2016

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	2.022	0.304	2.326

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	+1%	2.299	0.322	2.621	13%
Health care inflation	-1%	1.723	0.288	2.011	-14%
Post-retirement mortality	-1 year	2.098	0.321	2.419	4%
Average retirement age	-1 year	2.141	0.304	2.445	5%
Withdrawal Rate	-10%	1.376	0.304	1.680	-28%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2017

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	204 300	218 800	423 100

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	+1%	231 100	246 700	477 800	13%
Health care inflation	-1%	174 300	188 900	363 200	-14%
Post-retirement mortality	-1 year	211 800	227 600	439 400	4%
Average retirement age	-1 year	205 700	230 100	435 800	3%
Withdrawal Rate	-10%	140 900	157 500	298 400	-29%

	2016 R	2015 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	64 206	(33 977)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
Liabilities: (Gain) / loss	316 030	(33 977)	41 262
Assets: Gain / (loss)	-	-	-

4.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 87 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R103 797 whereas the Interest Cost for the next year is estimated to be R78 958.

Key actuarial assumptions used:	2016 %	2015 %
i) Rate of interest		
Discount rate	8.54	7.98
General Salary Inflation (long-term)	7.20	7.05
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.25	0.87

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	962 298	857 516
Fair value of plan assets	-	-
	962 298	857 516
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	**962 298**	**857 516**

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	857 516	774 802
Total expenses	104 620	69 176
Current service cost	90 682	75 627
Interest Cost	63 712	56 864
Benefits Paid	(49 774)	(63 315)
Actuarial losses	162	13 538
Present value of fund obligation at the end of the year	**962 298**	**857 516**

	2016 R	2015 R
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Sensitivity Analysis on the Unfunded Accrued Liability on 30 June 2016

	Change	Liability (Rm)	% change
Assumption			
Central assumptions			
General salary inflation	+1%	1.023	6%
General salary inflation	-1%	0.907	-6%
Average retirement age	-2 yrs	0.875	-9%
Average retirement age	+2 yrs	1.066	11%
Withdrawal rates	-50%	1.168	21%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2017

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	103 800	79 000	182 800

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General salary inflation	1%	111 500	84 100	195 600	7%
General salary inflation	-1%	96 900	74 300	171 200	-6%
Average retirement age	-2 yrs	96 400	71 500	167 900	-8%
Average retirement age	+2 yrs	113 500	87 900	201 400	10%
Withdrawal Rate	-50%	137 800	96 600	234 400	28%

	2016 R	2015 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	162	13 538
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
Liabilities: (Gain) / loss	(11 468)	(2 687)	14 258
Assets: Gain / (loss)	-	-	-

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

	2016 R	2015 R
CAPE JOINT RETIREMENT FUND		
The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 100,0% (30 June 2014 - 99,9%).		
Contributions paid recognised in the Statement of Financial Performance	956 310	859 448
DEFINED CONTRIBUTION FUNDS		
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance		
National Fund Municipal Workers	87 847	78 894
SAMWU National Provident Fund	730 374	692 107
	818 222	771 001

5. CONSUMER DEPOSITS

Water and Electricity	1 363 884	1 369 119
Total Consumer Deposits	**1 363 884**	**1 369 119**

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding amount.

6. CURRENT EMPLOYEE BENEFITS

Staff Bonuses	445 525	394 998
Staff Leave	1 307 578	1 242 836
Current Portion of Non-Current Provisions	115 994	156 708
Current Portion of Post Retirement Benefits - Note 4	38 640	36 624
Current Portion of Long-Service Provisions - Note 4	77 354	120 084
Total Provisions	**1 869 097**	**1 794 542**

The movement in current provisions are reconciled as follows:

		2016 R	2015 R
6.1	***Staff Bonuses***		
	Balance at beginning of year	394 998	359 820
	Contribution to current portion	932 575	827 792
	Expenditure incurred	(882 048)	(792 614)
	Balance at end of year	**445 525**	**394 998**

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

6.2	***Staff Leave***		
	Balance at beginning of year	1 242 836	1 044 703
	Contribution to current portion	80 549	269 384
	Expenditure incurred	(15 807)	(71 252)
	Balance at end of year	**1 307 578**	**1 242 836**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

7.	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	33 528 392	27 181 107
	Payments received in advance	909 747	808 003
	Retentions	-	68 165
	Other Creditors	7 557 804	5 131 615
	Correction of Error - Note 37.2	-	(1 414 115)
	Total Trade Payables	**41 995 944**	**31 774 774**

Payables are being recognised net of any discounts.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

8.	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Conditional Government Grants and Receipts	4 141 952	9 854 167
	National Government Grants	709 314	6 930 745
	Provincial Government Grants	3 093 513	2 599 298
	District Municipality	339 125	324 124
	Other Sources	-	-
	Less: Unpaid Conditional Government Grants and Receipts	-	-
	National Government Grants	-	-
	Provincial Government Grants	-	-
	District Municipality	-	-
	Other Sources	-	-
	Total Conditional Grants and Receipts	**4 141 952**	**9 854 167**

See appendix "D" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

		2016 R	2015 R
9.	**TAXES**		
9.1	VAT Payable	(166 825)	-
	VAT output in suspense	(2 697 348)	(2 590 051)
	Total VAT Payable	**(2 864 173)**	**(2 590 051)**
9.2	VAT Receivable	5 350 346	1 994 887
	VAT input in suspense	510 765	519 418
	Correction of Error - Note 37.3	-	1 733 766
	Total VAT Receivable	**5 861 111**	**4 248 070**
9.3	**Net VAT (Payable)/Receivable**	2 996 938	1 658 019

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

10. SHORT-TERM LOANS

The Municipality has no short term loans.

11. PROPERTY, PLANT AND EQUIPMENT

See attached sheet page 1

page 2

page 3

		2016 R	2015 R
11.2	**Expenditure recognised in the carrying amount of property, plant and equipment in the course of its construction:**		
	Infrastructure	7 480 374	8 070 736
	Community Assets	-	-
	Other	-	-
		7 480 374	8 070 736
11.3	**Assets pledged as security:**		
	Leased Property, Plant and Equipment of R701 674 (2015: R436 304) secured for leases as set out in Note 2.		
11.4	**Contractual commitments for acquisition of property, plant and equipment:**		
	Approved and contracted for:	9 417 202	2 008 530
	Infrastructure	9 417 202	2 008 530
	Total	**9 417 202**	**2 008 530**
	This expenditure will be financed from:		
	Government Grants	9 417 202	2 008 530
	Total	**9 417 202**	**2 008 530**
12.	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July 2015	**2 471 010**	**2 484 910**
	Cost	2 471 010	2 496 396
	Correction of Error - Note 37.5	-	(11 486)
	Accumulated Depreciation	-	-
	Accumulated Impairment Loss	-	-
	Disposals	-	(13 900)
	Impairment loss	-	-
	Net Carrying amount at 30 June 2016	**2 471 010**	**2 471 010**
	Cost	2 471 010	2 471 010
	Accumulated Depreciation	-	-
	Accumulated Impairment Loss	-	-
	Estimate Fair Value of Investment Property at 30 June 2016	2 471 010	2 471 010
13.	**INTANGIBLE ASSETS**		
	Net Carrying amount at 1 July 2014	**107 808**	**143 743**
	Cost	262 405	262 405
	Accumulated Amortisation	(154 597)	(118 662)
	Acquisitions	16 008	-
	Amortisation	(26 406)	(35 936)
	Net Carrying amount at 30 June 2015	**97 410**	**107 808**
	Cost	278 413	262 405
	Accumulated Amortisation	(181 003)	(154 597)

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

		2016 R	2015 R
14.	**INVENTORY**		
	Consumable Stores - Stationery and materials - At cost	74 989	32 222
	Water - At purification cost	19 053	49 773
	Total Inventory	**94 043**	**81 995**

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

15.	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	4 707 771	5 718 432
	Water	10 763 150	9 817 173
	Refuse	4 829 565	4 163 955
	Sewerage	2 446 015	2 220 661
	Other Arrears	12 719 910	11 684 787
	Total: Receivables from exchange transactions (before provision)	**35 466 410**	**33 605 008**
	Less: Provision for Debt Impairment	(30 542 159)	(28 729 248)
	Total: Receivables from exchange transactions (after provision)	**4 924 251**	**4 875 760**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

(Electricity): Ageing

Current (0 - 30 days)	224 891	1 560 000
31 - 60 Days	153 463	198 394
61 - 90 Days	134 418	153 927
+ 90 Days	4 194 998	3 806 110
Total	**4 707 771**	**5 718 432**

(Water): Ageing

Current (0 - 30 days)	281 917	261 886
31 - 60 Days	281 732	573 273
61 - 90 Days	317 442	263 316
+ 90 Days	9 882 059	8 718 697
Total	**10 763 150**	**9 817 173**

(Refuse): Ageing

Current (0 - 30 days)	113 713	101 800
31 - 60 Days	106 096	93 291
61 - 90 Days	102 558	88 995
+ 90 Days	4 507 198	3 879 869
Total	**4 829 565**	**4 163 955**

(Sewerage): Ageing

Current (0 - 30 days)	88 066	92 540
31 - 60 Days	75 079	78 665
61 - 90 Days	66 706	71 597
+ 90 Days	2 216 165	1 977 860
Total	**2 446 015**	**2 220 661**

	2016 R	2015 R
(Other): Ageing		
Current (0 - 30 days)	96 235	169 338
31 - 60 Days	95 885	204 548
61 - 90 Days	94 958	152 763
+ 90 Days	12 432 831	11 158 138
Total	**12 719 910**	**11 684 787**
(Total): Ageing		
Current (0 - 30 days)	804 822	2 185 565
31 - 60 Days	712 256	1 148 172
61 - 90 Days	716 082	730 598
+ 90 Days	33 233 251	29 540 674
Total	**35 466 410**	**33 605 008**
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	28 729 248	26 396 164
Contribution to provision	1 639 556	2 046 565
VAT on provision	173 355	286 519
Bad Debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	**30 542 159**	**28 729 248**
Ageing of amounts past due but not impaired:		
31 - 60 Days	712 256	1 148 172
61 - 90 Days	716 082	730 598
+ 90 Days	2 691 092	811 426
	4 119 429	2 690 195

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

16. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	15 467 704	11 727 860
Other Receivables	102 055	121 137
	15 569 759	11 848 998
Less: Provision for Debt Impairment	(12 476 453)	(9 902 367)
Total Receivables from non-exchange transactions	**3 093 306**	**1 946 631**

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

	2016 R	2015 R
(Rates): Ageing		
Current (0 - 30 days)	275 215	561 368
31 - 60 Days	231 942	205 053
61 - 90 Days	391 429	226 897
+ 90 Days	14 569 118	10 734 542
Total	**15 467 704**	**11 727 860**
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	9 902 367	2 715 111
Contribution to provision	2 574 087	7 187 256
Bad Debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	**12 476 453**	**9 902 367**
The total amount of this provision is R12 476 453 and consist of:		
Taxes	12 476 453	9 902 367
Other	-	-
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	**12 476 453**	**9 902 367**
Ageing of amounts past due but not impaired:		
31 - 60 Days	231 942	205 053
61 - 90 Days	391 429	226 897
+ 90 Days	2 092 665	832 175
	2 716 036	1 264 125

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

17. OPERATING LEASE ARRANGEMENTS

17.1 The Municipality as Lessor

Operating Lease Asset	-	6
Reconciliation		
Balance at the beginning of the year	6	1 471
Movement during the year	(6)	(1 465)
Balance at the end of the year	**-**	**6**

		2016 R	2015 R
	At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
	Up to 1 Year	-	116
	1 to 5 Years	-	-
	More than 5 Years	-	-
	Total Operating Lease Arrangements	**-**	**116**

18. BANK ACCOUNTS

18.1 Cash and Cash Equivalents

Current Accounts	51 236	136 202
Call Investments Deposits	519 737	728 573
Total Cash and Cash Equivalents - Assets	**570 973**	**864 775**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R519 736 are held to fund the Unspent Conditional Grants (2015: R728 573).

A guarantee of R265 534 (2015: R265 534) for Deman Facility Individual Guarantee exists.

The municipality has the following bank accounts:

Current Accounts

First National Bank - Account Number 620 2250 1440 (Primary Bank Account):	51 236	136 202
	51 236	**136 202**

Call Investment Deposits

First National Bank - Account Number 62012466018:	-	1 000
First National Bank - Account Number 62182751729:	-	219 572
First National Bank - Account Number 62117682791:	-	18 778
First National Bank - Account Number 62117684606:	-	140
First National Bank - Account Number 74282299369:	255 378	239 800
First National Bank - Account Number 71053360915:	125 192	118 045
First National Bank - Account Number 71059354764:	139 166	131 221
Momentum 3D Gearing Plan - Account Number 1001327535:	-	(11)
	519 736	**728 544**

Details of current accounts are as follows:

First National Bank - Account Number 620 2250 1440 (Primary Bank Account):		
Cash book balance at beginning of year	136 202	187 702
Cash book balance at end of year	51 236	136 202
Bank statement balance at beginning of year	136 025	46 326
Bank statement balance at end of year	54 927	136 025
First National Bank - Account Number 62012466018:		
Cash book balance at beginning of year	1 000	1 038
Cash book balance at end of year	-	1 000
Bank statement balance at beginning of year	1 000	1 038
Bank statement balance at end of year	-	1 000

	2016 R	2015 R
First National Bank - Account Number 62182751729:		
Cash book balance at beginning of year	219 572	10 000
Cash book balance at end of year	-	219 572
Bank statement balance at beginning of year	219 572	10 000
Bank statement balance at end of year	(18)	219 572
First National Bank - Account Number 62117682791:		
Cash book balance at beginning of year	18 778	100 303
Cash book balance at end of year	-	18 778
Bank statement balance at beginning of year	18 778	100 303
Bank statement balance at end of year	-	18 778
First National Bank - Account Number 62117684606:		
Cash book balance at beginning of year	140	140
Cash book balance at end of year	-	140
Bank statement balance at beginning of year	140	140
Bank statement balance at end of year	-	140
First National Bank - Account Number 74282299369:		
Cash book balance at beginning of year	239 800	226 703
Cash book balance at end of year	255 378	239 800
Bank statement balance at beginning of year	239 800	226 703
Bank statement balance at end of year	255 378	239 800
First National Bank - Account Number 71053360915:		
Cash book balance at beginning of year	118 045	111 587
Cash book balance at end of year	125 192	118 045
Bank statement balance at beginning of year	118 045	111 587
Bank statement balance at end of year	125 192	118 045
First National Bank - Account Number 71059354764:		
Cash book balance at beginning of year	131 221	131 221
Cash book balance at end of year	139 166	131 221
Bank statement balance at beginning of year	131 221	124 080
Bank statement balance at end of year	139 166	131 221
Momentum 3D Gearing Plan - Account Number 1001327535:		
Cash book balance at beginning of year	(11)	(11)
Cash book balance at end of year	-	(11)
Bank statement balance at beginning of year	(11)	(11)
Bank statement balance at end of year	-	(11)

19. PROPERTY RATES

Actual		
Rateable Land and Buildings	7 278 406	7 713 453
Less: Rebates	(1 530 983)	(1 420 202)
Total Assessment Rates	**5 747 423**	**6 293 251**

	2016 R	2015 R
Valuations - 1 July 2015		
Rateable Land and Buildings	1 361 168 800	1 365 794 300
Residential Property	202 451 200	207 026 400
Commercial Property	32 682 300	32 275 500
Industrial Property	3 458 500	3 659 200
Public Benefits Organisations	19 309 100	18 597 300
Agricultural Purposes	1 018 700 200	1 016 661 100
State - National/ Provincial Services	68 213 200	70 210 400
Municipal Property	16 354 300	17 364 400
Total Assessment Rates	**1 361 168 800**	**1 365 794 300**

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	1.261286c/R	1.18989c/R
Commercial	1.891929c/R	1.178483c/R
Agricultural	0.052968c/R	0.04997c/R
State	3.153215c/R	2.97473c/R
Industrial	1.891929c/R	1.178483c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at a rate determined by the council on outstanding rates amounts.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential	- The first R15 000 on the valuation is exempted.
Public Benefit Organisations	-100%
State	- 30%

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

20. GOVERNMENT GRANTS AND SUBSIDIES

Unconditional		
Equitable Share	17 563 000	13 411 000
Conditional	11 166 637	11 969 294
Grants and Donations	11 166 637	11 969 294
Subsidies	-	-
Total Government Grants and Subsidies	**28 729 637**	**25 380 294**
Government Grants and Subsidies - Operating	19 561 014	16 745 313
Government Grants and Subsidies - Capital	9 168 623	8 634 981
Total Government Grants and Subsidies	**28 729 637**	**25 380 294**

		2016 R	2015 R
	Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
	Equitable share	17 563 000	13 411 000
	Budget & Treasury Office	9 354 190	10 797 607
	Corporate Services	265 024	248 412
	Planning & Development	-	47 176
	Road Transport	205 761	876 100
	Electricity	380 008	-
	Total Government Grants and Subsidies	**28 729 637**	**25 380 294**
20.1	**Equitable Share**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	10 127 000	13 411 000
	Interest received	-	-
	Repaid to National Revenue Fund	7 436 000	-
	Conditions met - Operating	(17 563 000)	(13 411 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
20.2	**Local Government Financial Management Grant (FMG)**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	1 875 000	1 800 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(1 611 681)	(1 800 000)
	Conditions met - Capital	-	-
	Conditions still to be met	263 319	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
20.3	**Municipal Systems Improvement Grant (MSIG)**		
	Opening balance	542 555	476 027
	Correction of Error	-	-
	Grants received	930 000	934 000
	Interest received	-	-
	Repaid to National Revenue Fund	(1 212 616)	-
	Conditions met - Operating	(98 741)	(867 471)
	Conditions met - Capital	-	-
	Conditions still to be met	161 198	542 555
	The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		

		2016 R	2015 R
20.4	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	6 223 384	4 998 120
	Correction of Error	-	-
	Grants received	7 460 000	9 129 000
	Interest received	-	-
	Repaid to National Revenue Fund	(6 223 384)	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(7 460 000)	(7 903 737)
	Conditions still to be met	-	6 223 384

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

20.5	**Integrated National Electrification Grant**		
	Opening balance	164 805	164 805
	Correction of Error	-	-
	Grants received	500 000	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(380 008)	-
	Conditions still to be met	284 796	164 805

The grant was used to promote rural development and upgrade electricity infrastructure.

20.6	**Expanded Public Works Programme (EPWP)**		
	Opening balance	1 052 520	928 620
	Correction of Error	-	-
	Grants received	-	1 000 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(144 855)
	Conditions met - Capital	(205 761)	(731 244)
	Conditions still to be met	846 759	1 052 520

The grant was used for job creation.

20.7	**Department Water Affairs and Environment (DWAF)**		
	Opening balance	141 362	141 362
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	141 362	141 362

The grant was used for the refurbishment of water infrastructure.

20.8	**Library Grant**		
	Opening balance	622 808	218 219
	Correction of Error	-	-
	Grants received	965 000	653 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(265 024)	(248 412)
	Conditions met - Capital	-	-
	Conditions still to be met	1 322 784	622 808

The grant was used to finance library activities.

		2016 R	2015 R
20.9	**Project Nala**		
	Opening balance	620 180	620 180
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	620 180	620 180
	The grant was used for job creation.		
20.10	**Department Finance, Economic Development & Tourism**		
	Opening balance	100 000	50 000
	Correction of Error	-	-
	Grants received	-	50 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	100 000	100 000
	The grant will be used for the Power Flower Run.		
20.11	**Tourism**		
	Opening balance	31 275	78 451
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(47 176)
	Conditions met - Capital	-	-
	Conditions still to be met	31 275	31 275
	The grant was used for tourism activities.		
20.12	**Department Social Services**		
	Opening balance	482	482
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	482	482
	The grant was used for various projects.		
20.13	**Department Sport, Arts and Culture**		
	Opening balance	6 262	6 262
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	6 262	6 262
	The grant was used for various projects.		

		2016 R	2015 R
20.14	**Drought Relief**		
	Opening balance	24 409	24 409
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	24 409	24 409
	The grant was used for drought relief.		
20.15	**Accelerated Community Infrastructure Programme (ACIP)**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	961 654	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(961 654)	-
	Conditions still to be met	-	-
	The grant was used for drought relief.		
20.16	**Namakwa DM**		
	Opening balance	324 125	435 138
	Correction of Error	-	-
	Grants received	198 768	115 386
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(22 568)	(226 399)
	Conditions met - Capital	(161 200)	-
	Conditions still to be met	339 125	324 125
	The grant was used for various projects.		
20.17	**Total Grants**		
	Opening balance	9 854 167	8 142 075
	Correction of Error	-	-
	Grants received	23 017 422	27 092 386
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(19 561 014)	(16 745 313)
	Conditions met - Capital	(9 168 623)	(8 634 981)
	Conditions still to be met/(Grant expenditure to be recovered)	4 141 952	9 854 167
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	4 141 952	9 854 167
	Unpaid Conditional Government Grants and Receipts	-	-
	Total	**4 141 952**	**9 854 167**
21.	**PUBLIC CONTRIBUTIONS AND DONATIONS**		
	De Beers	-	-
	Other	94 372	115 865
	Total Public Contributions and Donations	**94 372**	**115 865**

		2016 R	2015 R
22.	**SERVICE CHARGES**		
	Electricity	5 053 735	4 993 771
	Water	2 838 052	3 792 337
	Refuse Removal	1 655 554	1 659 778
	Sewerage and Sanitation Charges	1 148 269	1 290 226
		10 695 611	**11 736 111**
	Less: Income Forgone	(1 757 411)	(1 896 112)
	Total Service Charges	8 938 200	9 840 000
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
23.	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Rental of facilities	280 196	280 444
	Rental of equipment	456	180
	Total Rental of Facilities and Equipment	**280 652**	**280 624**
24.	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	141 101	140 637
	Total Interest Earned - External Investments	**141 101**	**140 637**
25.	**INTEREST EARNED - OUTSTANDING RECEIVABLES**		
	Trade Receivables	3 303 821	2 545 667
	Total Interest Earned - Outstanding Receivables	**3 303 821**	**2 545 667**
26.	**OTHER INCOME**		
	Building plans	13 359	7 930
	Connection Fees	45 174	20 762
	Insurance claims	120 758	-
	Commonage Rent	569 483	542 755
	Motor Vehicle Number plates	362	-
	Opening of graves	5 502	10 259
	Photostat, Copies and Faxes	16 884	14 258
	Telephone Cost Recover	30	10
	Tender Documents	12 035	1 579
	Training	9 452	-
	Valuation Certificates	11 968	17 411
	Sundry Income	284 274	193 324
	Total Other Income	**1 089 281**	**808 289**
27.	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	12 035 149	10 850 018
	Pension and UIF Contributions	1 716 162	1 578 127
	Medical Aid Contributions	461 916	378 455
	Cellphone Allowance	55 012	54 509
	Motor Vehicle Allowance	652 278	630 370
	Other benefits and allowances	480 325	544 282
	Housing Allowances	140 250	143 180
	Overtime	580 341	537 760
	Bonuses	932 575	827 792
	Provision for leave	80 549	269 384
	Contribution to provision - Long Service Awards - Note 4	90 682	75 627
	Contribution to provision - Post Retirement Medical - Note 4	187 313	165 472
	Correction of Error - Note 37.9	-	(11 000)
		17 412 552	16 043 977
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	**17 412 552**	**16 043 977**

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

	2016 R	2015 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager - Mr JG Cloete		
Salary	619 115	625 634
Contributions to UIF, Medical and Pension Funds	10 003	6 859
Allowances	281 017	206 110
Total	**910 135**	**838 602**
Remuneration of the Chief Financial Officer - Mr RC Beukes		
Salary	335 269	293 481
Contributions to UIF, Medical and Pension Funds	79 214	66 914
Allowances	113 211	90 793
Annual Bonus	26 740	22 301
Total	**554 435**	**473 490**
Remuneration of Manager: Corporate Services - Mrs DC Beukes		
Salary	291 805	267 618
Contributions to UIF, Medical and Pension Funds	94 032	85 791
Allowances	86 077	83 571
Annual Bonus	22 301	20 884
Total	**494 215**	**457 864**
Remuneration of Manager: Technical Services - Mr FA Links		
Salary	293 103	280 038
Contributions to UIF, Medical and Pension Funds	95 109	87 308
Allowances	117 778	139 393
Annual Bonus	24 441	34 832
Total	**530 431**	**541 570**

28. REMUNERATION OF COUNCILLORS

PJ Willems	232 360	224 507
HG Links	240 216	228 119
MJ Cloete	882 687	890 565
MS Joseph	236 598	225 203
EA Steenkamp	238 916	236 545
SC Nero	238 900	259 388
MR Klaase	185 935	228 119
S Engelbrecht	37 761	-
Total Councillors' Remuneration	**2 293 373**	**2 292 447**

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	433 659	172 045	151 335	108 738	865 777
Councillors	845 928	302 542	151 617	127 509	1 427 596
Total Councillors' Remuneration	**1 279 587**	**474 587**	**302 952**	**236 247**	**2 293 373**

		2016 R	2015 R
29.	**DEBT IMPAIRMENT**		
	Receivables from exchange transactions - Note 15	1 812 911	2 333 084
	Receivables from non-exchange transactions - Note 16	2 574 087	7 187 256
	Correction of Error - Note 37.7	-	1 413 211
		4 386 998	10 933 552
	Less: VAT Portion on Debt Impairment	(173 355)	(286 519)
	Total Debt Impairment	**4 213 642**	**10 647 033**
30.	**DEPRECIATION AND AMORTISATION**		
	Property, plant and equipment	8 741 633	9 612 011
	Intangible assets	26 406	35 936
	Total Depreciation and Amortisation	**8 768 038**	**9 647 947**
31.	**FINANCE COSTS**		
	Long-term Liabilities	161 307	79 520
	Non-current Provisions	1 509 005	867 631
	Non-current Employee Benefits	238 642	206 283
	Creditors	2 196 312	599 485
	Correction of Error - Note 37.9	-	(60 440)
	Total Finance Costs	**4 105 266**	**1 692 479**
32.	**BULK PURCHASES**		
	Electricity	8 530 406	4 548 803
	Water	178 652	539 718
	Correction of Error - Note 37.9	-	(215 114)
	Total Bulk Purchases	**8 709 058**	**4 873 407**
33.	**OTHER OPERATING GRANT EXPENDITURE**		
	Operating Grant Expenditure per Vote		
	Budget & Treasury Office	1 347 752	1 063 203
	Corporate Services	265 878	248 412
	Planning & Development	32 455	85 387
	Road Transport	161 200	226 399
	Electricity	-	-
	Total Operating Grant Expenditure	1 807 284	1 623 400
34.	**GENERAL EXPENSES**		
	Advertising	6 666	21 588
	Audit Fees	2 008 203	1 737 429
	Bank Charges	65 792	67 597
	Chemicals and Poison	149 198	186 465
	Desalting	-	31 465
	Fuel and Oil	524 386	607 723
	Insurance	330 911	267 835
	Legal Costs	255 006	177 667
	Levies: SALGA	505 578	522 000
	Licensing	29 320	32 385
	Marketing and Public Relations	139 500	128 500
	Materials	86 894	31 008
	Printing and Stationery	272 212	297 811
	Refreshments	5 045	1 469
	Special Projects/Programmes	111 180	165 918
	Telephone Cost	780 254	711 893
	Ward Committee Meetings	88 229	63 165
	Other	168 293	106 430
	Correction of Error - Note 37.9	-	386 443
	Total General Expenses	**5 526 668**	**5 544 792**

		2016 R	2015 R
35.	**GAINS/(LOSS) ON SALE OF ASSETS**		
	Property, plant and equipment	(182 322)	(49 471)
	Correction of Error - Note 37.7	-	(24 340)
	Total Gain/ (Loss) on Sale of Assets	**(182 322)**	**(73 811)**
36.	**(IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS**		
	Property, Plant and Equipment	138 624	-
	Total (Impairment Loss)/ Reversal of Impairment Loss	**138 624**	**-**
37.	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
37.1	**Long-Term Liabilities**		
	Balance previously reported	-	344 236
	Finance Leases not recognised in periods before 1 July 2014 - Note 3	-	210 000
	Redemption on Finance Leases not recognised in periods before 1 July 2014 - Note 3	-	(20 735)
	Redemption on Finance Leases not recognised in 2014/2015 - Note 3	-	(32 330)
	Restated Balance	**-**	**501 171**
	Finance Leases not recognised in prior years		
37.2	**Payables from Exchange Transactions**		
	Balance previously reported	-	33 188 889
	Correction of Other Creditors in periods before 1 July 2014- Note 7	-	(1 478 170)
	Correction of Salary Suspense Accounts in 2014/15 - Note 7	-	(11 000)
	Correction of Trade Creditors in 2014/15- Note 7	-	203 660
	Correction of Accrued Interest in 2014/15 - Note 7	-	(60 440)
	Correction of Retention Payable in periods before 1 July 2014- Note 7	-	(68 165)
	Restated Balance	**-**	**31 774 774**
	Correction of prior year Creditors.		
37.3	**Taxes**		
	Balance previously reported	-	75 747
	Correction of VAT Control Accounts in periods before 1 July 2014 - Note 9	-	(3 146 977)
	Correction of VAT Control Accounts in 2014/2015 - Note 9	-	1 413 211
	Restated Balance	**-**	**(1 658 019)**
	Correction of VAT Control Accounts.		
37.4	**Property, Plant and Equipment**		
	Balance previously reported	-	125 995 051
	Cost	-	(24 926 441)
	Buildings recognised incorrectly in periods before 1 July 2014 - Note 11	-	(10 773 047)
	Land recognised incorrectly in periods before 1 July 2014 - Note 11	-	(14 363 394)
	Lease Assets not recognised in periods before 1 July 2014 - Note 11	-	210 000
	Accumulated Depreciation	-	8 311 599
	Depreciation on Buildings recognised incorrectly in periods before 1 July 2014 - Note 11	-	8 311 599
	Depreciation on Lease Assets recognised incorrectly in periods before 1 July 2014 - Note 11	-	(115 500)
	Restated Balance	**-**	**109 380 208**
	Correction of Land, Infrastructure and Lease Assets.		

		2016 R	2015 R
37.5	**Investment Property**		
	Balance previously reported	-	2 482 496
	Land recognised incorrectly in periods before 1 July 2014 - Note 12	-	(11 486)
	Restated Balance	**-**	**2 471 010**

Land recognised incorrectly in prior years.

37.6	**Accumulated Surplus/(Deficit) - 1 July 2014**		
	Finance Leases not recognised in prior years - Note 37.1	-	(210 000)
	Lease Assets not recongised in periods before 1 July 2014 - Note 37.2	-	210 000
	Redemption on Finance Leases not recognised in periods before 1 July 2014 - Note 37.1	-	20 735
	Depreciation on Lease Assets recognised incorrectly in periods before 1 July 2014 - Note 37.2	-	(115 500)
	Correction of Retention Payable in periods before 1 July 2014- Note 37.2	-	68 165
	Correction of Trade Creditors in periods before 1 July 2014- Note 37.2	-	-
	Correction of VAT Control Accounts in periods before 1 July 2014 - Note 37.3	-	3 146 977
	Correction of Other Creditors in periods before 1 July 2014- Note 37.2	-	1 478 170
	Buildings recognised incorrectly in periods before 1 July 2014 - Note 37.4	-	(10 773 047)
	Depreciation on Buildings recognised incorrectly in periods before 1 July 2014 - Note 37.4	-	8 311 599
	Land recognised incorrectly in periods before 1 July 2014 - Note 37.4	-	(14 363 394)
	Investment Property Land recognised incorrectly in periods before 1 July 2014 - Note 37.5	-	(11 486)
	Total	**-**	**(12 237 783)**

37.7 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property taxes		6 293 251	-	6 293 251
Government Grants and Subsidies		25 380 294	-	25 380 294
Public Contributions and Donations		115 865	-	115 865
Fines		3 498	-	3 498
Actuarial Gains		33 977	-	33 977
Service Charges		9 840 000	-	9 840 000
Rental of Facilities and Equipment		280 624	-	280 624
Interest Earned - external investments		140 637	-	140 637
Interest Earned - outstanding receivables		2 545 667	-	2 545 667
Licences and Permits		122 434	-	122 434
Income for Agency Services		392 899	-	392 899
Other Income		808 289	-	808 289
Total		45 957 434	-	45 957 434
Expenditure				
Employee related costs	**37.2**	(16 054 978)	11 000	(16 043 977)
Remuneration of Councillors		(2 292 447)	-	(2 292 447)
Debt Impairment	**37.3**	(9 233 822)	(1 413 211)	(10 647 033)
Depreciation and Amortisation		(9 647 947)	-	(9 647 947)
Repairs and Maintenance		(588 860)	-	(588 860)
Actuarial Losses		(13 538)	-	(13 538)
Finance Costs	**37.2**	(1 752 919)	60 440	(1 692 479)
Bulk Purchases	**37.2**	(5 088 521)	215 114	(4 873 407)
Contracted Services		(647 127)	-	(647 127)
Other Operating Grant Expenditure		(1 623 400)	-	(1 623 400)
General Expenses	**37.2**	(5 158 349)	(386 443)	(5 544 792)
Total		(52 101 906)	(1 513 100)	(53 615 006)
Gains and Losses				
Gains/(Loss) on Sale of Assets		(49 471)	(24 340)	(73 811)
Total		**(49 471)**	**(24 340)**	**(73 811)**
Net Surplus/(Deficit) for the year		(6 193 943)	(1 537 440)	(7 731 383)

		2016 R	2015 R
38.	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	(4 821 363)	(7 731 383)
	Adjustments for:		
	Depreciation and amortisation	8 767 838	9 647 947
	Impairment Loss/(Reversal of Impairment Loss)	-	-
	Government Grants and Subsidies received	23 017 422	27 092 386
	Government Grants and Subsidies recognised as revenue	(28 729 637)	(25 380 294)
	Contribution to provisions – Non-Current Provisions	1 509 005	867 631
	Contribution from/to provisions - Current Employee Benefits	1 013 124	1 097 177
	Contribution from/to provisions - Non-Current Employee Benefits	427 197	346 454
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	64 369	13 538
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	-	(33 977)
	Contribution to provisions – Bad debt	4 386 998	10 933 551
	Operating lease income accrued	6	1 465
	Operating Surplus/(Deficit) before changes in working capital	5 634 958	16 854 494
	Changes in working capital	2 390 185	(8 517 158)
	Increase/(Decrease) in Trade and Other Payables	10 221 170	3 934 963
	Increase/(Decrease) in Employee Benefits	(897 855)	(863 866)
	Increase/(Decrease) in Taxes	(1 338 919)	(1 196 387)
	(Increase)/Decrease in Inventory	(12 048)	(28 356)
	(Increase)/Decrease in Trade Receivables from exchange transactions	(1 861 402)	(6 410 641)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(3 720 762)	(3 952 871)
	Cash generated/(absorbed) by operations	8 025 143	8 337 336
39.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Current Accounts - Note 18	51 236	136 202
	Call Investments Deposits - Note 18	519 737	728 573
	Total cash and cash equivalents	**570 973**	**864 775**
40.	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 39	570 973	864 775
	Less:	(3 975 127)	(9 854 167)
	Unspent Committed Conditional Grants - Note 8	(4 141 952)	(9 854 167)
	VAT - Note 9	166 825	-
	Net cash resources available for internal distribution	(3 404 154)	(8 989 392)
	Allocated to:		
	Capital Replacement Reserve	-	-
	Resources available for working capital requirements	**(3 404 154)**	**(8 989 392)**
41.	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 2	748 243	643 913
	Used to finance property, plant and equipment - at cost	(748 243)	(643 913)
		-	-
	Cash set aside for the repayment of long-term liabilities		
	Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management

		2016 R	2015 R

42 BUDGET INFORMATION

42.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

Statement of Financial Position

42.2.1 Current Assets

Cash

Incorrect budgeting.

Call Investment Deposits

Cash portion of unspent grants.

Consumer Debtors

Incorrect budgeting.

Other Debtors

Incorrect budgeting.

Inventory

Increase in inventory: consumables.

42.2.2 Non-Current Assets

Investment Property

Incorrect budgeting.

Property, Plant and Equipment

Correction of asset register. Unbundeling of meters

Intangible Assets

Correction of asset register.

42.2.3 Current Liabilities

Borrowing

Repayment of finance leases.

Consumer Deposits

Correct allocation of consumer deposits

Trade and Other Payables

Increase due to cash flow problems.

Provisions

Incorrect budgeting.

42.2.4 Non-Current Liabilities

Borrowing

New finance leases.

Provisions

Provision for rehabilitation of landfill-sites and post-retirement benefits not included in budget.

42.2.5 Net Assets

Accumulated Surplus/(Deficit)

Net effect of all movements.

Statement of Financial Performance

42.2.6 Revenue

Property Rates

Increase in property rates due to new valuation roll.

Service Charges - Electricity Revenue

Consumption less than budgeted consumption.

Service Charges - Water Revenue

Consumption less than budgeted consumption.

Service Charges - Sanitation Revenue

Decrease in consumption.

Service Charges - Refuse Revenue

Consumption less than budgeted consumption.

Service Charges - Other Revenue

Availability charges included under other service charges.

Rental of Facilities and Equipment

Incorrect budgeting.

Interest Earned - External Investments

Increase in interest on call deposits.

Interest Earned - Outstanding Debtors

Increase due to non-payment by consumers.

Fines

Additional fines received from Provincial Traffic.

Licences and Permits

Incorrect budgeting.

Agency Services

Incorrect budgeting.

Transfers Recognised - Operational

Decrease due to unspent grants on year-end.

Other Revenue

Increase in public contributions.

Transfers Recognised - Capital

Decrease due to unspent grants on year-end.

42.2.7 Expenditure

Employee Related Costs

Incorrect budgeting.

Remuneration of Councillors

Decrease in travelling expenses.

Debt Impairment

Increase in provision for debt impairment.

Depreciation and Asset Impairment

Increase due to correction of asset register.

Finance Charges

Interest cost of provision for rehabilitation of landfill-site and post-retirement benefits not included in budget.

Bulk Purchases

Decrease in consumer consumption.

Contracted Services

Contracted services budgeted under Other Expenditure.

Other Expenditure

Decrease in operating grant expenditure.

Loss on Disposal of PPE

Finance leases repaid during the year.

Cash Flow Statement

42.2.8 Net Cash from Operating Activities

Ratepayers and other

Increase in consumer debt.

Government - Operating

Unspent grants on year-end.

Government - Capital

Unspent grants on year-end.

Interest

Interest on call accounts not included in budget.

Suppliers and Employees

Post-retirment benefits not included in budget.

Finance Charges

Increase in interest paid.

42.2.9 Net Cash from Investing Activities

Proceeds on disposal of PPE

Settlement of finance leases.

Capital Assets

Underspending of capital budget.

42.2.10 Net Cash from Financing Activities

Repayment of Borrowing

Settlement of finance leases.

		2016 R	2015 R
43	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
43.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	107 490 957	89 435 055
	Unauthorised expenditure current year - operational	10 097 852	18 055 902
	Unauthorised expenditure current year - capital	901 249	-
	Approved by Council or condoned	-	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	**118 490 058**	**107 490 957**

Unauthorised expenditure can be summarised as follow:

Incident		**Disciplinary steps/criminal proceedings**		
Over expenditure of approved budget - 2010		*To be condoned by Council*	29 684	29 684
Over expenditure of approved budget - 2011		*To be condoned by Council*	28 371 069	28 371 069
Over expenditure of approved budget - 2012		*To be condoned by Council*	16 738 583	16 738 583
Over expenditure of approved budget - 2013		*To be condoned by Council*	25 203 509	25 203 509
Over expenditure of approved budget - 2014		*To be condoned by Council*	18 978 632	18 978 632
Bank Shortages - 2011		*None*	28 274	28 274
Fraud Vehicle Registration - 2011		*None*	78 504	78 504
Withdrawal by former CFO, EB Toontjies - 2011		*None*	6 800	6 800
Over expenditure of approved budget - 2015		*None*	18 055 902	18 055 902
Over expenditure of approved budget - 2016		*None*	10 999 101	-
			118 490 058	107 490 957

Unauthorised expenditure current year - operating	**2016 Actual R**	**2016 Final Budget R**	**2016 Variance R**	**2016 Unauthorised R**
Executive and Council	3 568 957	4 574 083	1 005 126	-
Finance and Administration	22 268 542	19 280 214	(2 988 328)	2 988 328
Community and Social Services	-	25 000	25 000	-
Sport and Recreation	161 307	965 000	803 693	-
Waste Management	6 265 626	1 799 406	(4 466 220)	4 466 220
Water	4 882 969	7 982 110	3 099 141	-
Electricity	10 343 047	12 178 568	1 835 521	-
Economic Development	1 386 453	1 376 450	(10 003)	10 003
Techinical and Roads	4 737 257	2 103 955	(2 633 302)	2 633 302
Waste Water Management	-	1 967 517	1 967 517	-
	53 614 157	52 252 303	(1 361 854)	10 097 852

Unauthorised expenditure current year - capital	**2016 Actual R**	**2016 Final Budget R**	**2016 Variance R**	**2016 Unauthorised R**
Executive and Council	901 249	-	(901 249)	901 249
Finance and Administration	-	-	-	-
Community and Social Services	-	-	-	-
Sport and Recreation	-	-	-	-
Waste Management	-	-	-	-
Water	8 286 775	8 516 000	229 225	-
Electricity	333 234	500 000	166 766	-
Economic Development	-	-	-	-
Techinical and Roads	-	-	-	-
Waste Water Management	-	-	-	-
	9 521 259	9 016 000	(505 259)	901 249

		2016 R	2015 R
43.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	2 148 378	1 257 707
	Fruitless and wasteful expenditure current year	2 444 160	890 671
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Fruitless and wasteful expenditure awaiting condonement	**4 592 537**	**2 148 378**

Fruitless and wasteful expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Legal Cost (Hondeklipbaai Stands) - 2011		*None*	199 191	199 191
Interest on late payment - Various Creditors - 2011		*None*	417 306	417 306
Interest on late payment - Various Creditors - 2012		*None*	172 301	172 301
Interest on late payment - Various Creditors - 2014		*None*	255 946	255 946
Interest on late payment - Various Creditors - 2015		*None*	537 535	537 535
Salary paid to employee J Links after he was dismissed		*None*	8 417	8 417
Interest and penalties paid to SARS - 2014		*None*	204 546	204 546
Interest and penalties paid to SARS - 2015		*None*	353 136	353 136.42
Interest paid to various suppliers - 2016		*None*	2 444 160	-
			4 592 537	2 148 378

43.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	8 989 453	8 431 124
	Irregular expenditure current year	961 918	558 330
	Expenditure authorised i.t.o. Section 32 of MFMA	-	-
	Condonement supported by council	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Irregular expenditure awaiting further action	**9 951 371**	**8 989 453**
	Irregular expenditure awaiting condonement from National Treasury	9 951 371	8 989 453

Irregular expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Expenditure contrary to SCM Processes - 2010		*None*	3 715 210	3 715 210
Expenditure contrary to SCM Processes - 2012		*None*	2 661 945	2 661 945
Preference point system not used for bids between R30 000 and R200 000		*None*	1 935 162	1 262 323
Tax Reference numbers not obtained for transactions between R10 000 - R30 000		*None*	1 349 975	1 349 975
No declaration of interest forms (MBD4)		*None*	55 979	-
Expenditure contrary to SCM Processes - 2016		*None*	233 100	-
			9 951 371	8 989 453

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

Possible irregular expenditure occurred during the year, of which the full extent is still under investigation:

			2016 R	2015 R
Three quotations not obtained and payments were not included on deviation report .		*None*	7 800	-
Bid not advertised for 30 days		*None*	1 742 209	-
Expenditure contrary to SCM Processes		*None*	788 502	-
			2 538 511	-

44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

44.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS

Opening balance	1 950 648	1 428 648
Council subscriptions	505 578	522 000
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**2 456 226**	**1 950 648**

44.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	5 013 124	2 679 125
Current year audit fee	2 826 726	2 333 998
External Audit - Auditor-General	2 270 511	1 980 669
Interest	556 215	353 329
Amount paid - current year	(37 750)	-
Amount paid - previous year	-	-
Credit note	(650 000)	-
Balance unpaid (included in creditors)	**7 152 100**	**5 013 124**

44.3 VAT - [MFMA 125 (1)(c)]

VAT is payable on the payment basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. The net of VAT Input Payables and VAT Output Receivables are shown in Note 9.

44.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	2 697 098	1 510 441
Current year payroll deductions	2 288 209	1 907 160
Amount paid - current year	-	(720 502)
Balance unpaid (included in creditors)	**4 985 306**	**2 697 098**

44.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	723 510	1 229 266
Current year payroll deductions and Council Contributions	3 686 458	3 279 938
Amount paid - current year	(1 730 199)	(2 635 091)
Amount paid - previous year	(661 503)	(1 150 603)
Balance unpaid (included in creditors)	**2 018 266**	**723 510**

44.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June 2016:

	Outstanding more than 90 days
MJ Cloete	4 502
S Cardinal	1 168

44.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

		Type of Deviation			
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	59 262	46 458	12 805	-	-
August	110 888	64 920	45 968	-	-
September	76 562	58 159	18 403	-	-
October	66 440	18 800	33 648	-	13 991
November	92 106	65 930	26 176	-	-
December	128 605	55 062	72 954	-	589
January	62 905	61 500	1 405	-	-
February	68 479	59 070	4 057	-	5 352
March	122 655	58 543	64 112	-	-
April	85 848	64 924	20 924	-	-
May	114 697	60 000	54 697	-	-
June	69 980	69 980	-	-	-
	1 058 426	683 346	355 149	-	19 932

44.8 The following suppliers did not indicated that a member is in service of the state as required by section 13 (c)(i) of the Supply Chain Management Regulations:

Service provider	Name of member	State Department	Contract Value
Business Connexion	NN Kekana	Gauteng Film Commission	179 663

	2016 R	2015 R

44.9 Awards to close family members of persons in service of the state as required by Section 45 of the Supply Chain Management Regulations:

Service provider	Name of member	State Department	Contract Value
Afren Power Projects (Pty) Ltd	GP Jantjie (spouse of CG Jantjie)	Namaqua District Municipality	279 346

	2016 R	2015 R

44.10 Material losses

Electricity distribution losses

Units purchased (Kwh)	5 657 286	5 850 908
Units lost during distribution (Kwh)	838 163	1 594 943
Percentage lost during distribution	14.82%	27.26%
Distribution loss (Rand Value)	778 958	1 455 726

Electricity losses have decreased due to improved controls to prevent electricity theft on pre-paid meters.

Water distribution losses

Units purchased (ml)	284 770	296 931
Units lost during distribution (ml)	45 252	46 660
Percentage lost during distribution	15.89%	15.71%
Distribution loss (Rand Value)	460 602	447 936

Normal pipe bursts and field leakages are responsible for water losses.

The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 6kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers. The cost to provide these services amounts to:

45. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2016 R	2015 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2015: 1%) Increase in interest rates	(1 773)	(2 209)
1% (2015: 1%) Decrease in interest rates	1 773	(2 209)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 15 and 16 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2016 %	2016 R	2015 %	2015 R
Non-exchange Receivables				
Rates	100.00%	15 467 704	100.00%	11 727 860
Exchange Receivables				
Electricity	13.27%	4 707 771	17.02%	5 718 432
Water	30.35%	10 763 150	29.21%	9 817 173
Housing Rentals	0.00%	-	0.00%	-
Refuse	13.62%	4 829 565	12.39%	4 163 955
Sewerage	6.90%	2 446 015	6.61%	2 220 661
Other	35.86%	12 719 910	34.77%	11 684 787
	100.00%	35 466 410	100.00%	33 605 008

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 15 and 16 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2016 %	2016 R	2015 %	2015 R
Long-term Receivables				
Rates and Services	0.00%	-	0.00%	-
Non-exchange Receivables				
Rates	29.00%	12 476 453	25.63%	9 902 367
Exchange Receivables				
Services	71.00%	30 542 159	74.37%	28 729 248
	100.00%	43 018 613	100.00%	38 631 615

Ageing of amounts past due but not impaired are as follow:	Exchange Receivables	Non-exchange Receivables
2016		
1 month past due	712 256	231 942
2+ months past due	3 407 173	2 484 094
	4 119 429	2 716 036
2015		
1 month past due	1 148 172	205 053
2+ months past due	1 542 024	1 059 072
	2 690 195	1 264 125

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where

	2016 R	2015 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	35 466 410	33 605 008
Receivables from non-exchange transactions	15 569 759	11 848 998
Cash and Cash Equivalents	570 973	864 775
	51 607 142	46 318 781

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2016				
Long-term Liabilities	284 232	720 795	-	-
Trade and Other Payables	41 995 944			
	42 280 176	720 795	-	-

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2015				
Long-term Liabilities	204 360	564 929	-	-
Trade and Other Payables	33 208 476	-	-	-
	33 412 836	564 929	-	-

46. FINANCIAL INSTRUMENTS

		2016 R	2015 R
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	4 707 771	5 718 432
Water	Financial Instruments at amortised cost	10 763 150	9 817 173
Refuse	Financial Instruments at amortised cost	4 829 565	4 163 955
Sewerage	Financial Instruments at amortised cost	2 446 015	2 220 661
Other Arrears	Financial Instruments at amortised cost	12 719 910	11 684 787
Cash and Cash Equivalents			
Call Deposits	Financial Instruments at amortised cost	519 737	728 573
Total Financial Assets		**36 037 383**	**34 469 783**

SUMMARY OF FINANCIAL ASSETS

			2016 R	2015 R
	Financial Instruments at amortised cost:			
	Receivables from Exchange Transactions	Electricity	4 707 771	5 718 432
	Receivables from Exchange Transactions	Water	10 763 150	9 817 173
	Receivables from Exchange Transactions	Refuse	4 829 565	4 163 955
	Receivables from Exchange Transactions	Sewerage	2 446 015	2 220 661
	Receivables from Exchange Transactions	Other Arrears	12 719 910	11 684 787
	Cash and Cash Equivalents	Bank Balances	51 236	136 202
	Cash and Cash Equivalents	Call Deposits	519 737	728 573
			36 037 383	34 469 783
	Total Financial Assets		**36 037 383**	**34 469 783**
46.1	**Financial Liabilities**	**Classification**		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial Instruments at amortised cost	748 243	486 978
	Trade and Other Payables			
	Trade Creditors	Financial Instruments at amortised cost	33 528 392	27 181 107
	Payments received in advance	Financial Instruments at amortised cost	909 747	808 003
	Retentions	Financial Instruments at amortised cost	-	68 165
	Sundry Deposits	Financial Instruments at amortised cost	7 557 804	5 131 615
			42 744 187	**33 675 867**
	SUMMARY OF FINANCIAL LIABILITIES			
	Financial instruments at amortised cost:			
	Long-term Liabilities	Capitalised Lease Liability	748 243	486 978
	Trade and Other Payables	Trade Creditors	33 528 392	27 181 107
	Trade and Other Payables	Payments received in advance	909 747	808 003
	Trade and Other Payables	Retentions	-	68 165
	Trade and Other Payables	Sundry Deposits	7 557 804	5 131 615
			42 744 187	**33 675 867**

47. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Taxes		
Vat Receivable	-	-
Receivable from Non-Exchange Transactions	35 466 410	33 605 008
Rates	35 466 410	33 605 008
Fines	-	-
	35 466 410	**33 605 008**

48. EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date.

49. IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

(i) Secondment of a Finance Advisor by National Treasury for two years.

50. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

		2016 R	2015 R
51.	**CONTINGENT LIABILITY**		
	Claims against Council	**1 700 000**	**1 300 000**

The municipality is being sued by the widow of Mr LJ Swart for damages and loss of support. The municipality allegedly failed to switch off the electricity supply to the supply system on which Mr Swart was working as an independent contractor on behalf of the municipality, which caused Mr Swart to receive a fatal electrical shock. The municipality is defending the lain based on legal advice. A trial date has not been set to date. The claimed amount does not include legal costs. The outcome of the case is still uncertain.

The municipality does not have a permit or license for landfill-sites currently in use in Garies and Hondeklip Bay, and could be liable for a penalty, to a maximum amount of R10 000 000, in terms of section 68(1) National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).

		2016 R	2015 R
52.	**RELATED PARTIES**		

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

52.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2016				
Councillors				
MR Klaase	1 913	4 355	-	405
EA Stewens	-	1 801	-	139
MJ Cloete	6 909	18 440	-	8 411
MS Cardinal	1 389	1 919	-	1 538
SC Nero		1 544	-	128
	10 211	**28 059**	**-**	**10 621**
Municipal Manager and Section 57 Employees				
JG Cloete	-	10 186	-	996
F Links	1 065	6 193	-	393
	1 065	**16 379**	**-**	**1 389**

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2015				
Councillors				
MR Klaase	1 805	8 047	1 557	3 663
EA Stewens		2 044	430	2 479
MJ Cloete	6 561	15 479	430	5 548
MS Cardinal	1 326	1 838	430	840
SC Nero		1 504	430	551
	9 692	**28 912**	**3 277**	**13 081**
Municipal Manager and Section 57 Employees				
JG Cloete	-	9 238	430	803
F Links	1 004	4 405	430	776
	1 004	**13 643**	**860**	**1 579**

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

52.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

52.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

53. FINANCIAL SUSTAINABILITY

The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of Kamiesberg communities resulted in a serious risk for Kamiesberg Municipality's going concern.

Unless sustainable job creation is achieved, Kamiesberg Municipality will not be able to function as a going concern without Government Grants and Subsidies.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

11. PROPERTY, PLANT AND EQUIPMENT

11.1 30 JUNE 2016

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Lease Assets R	Other R	Total R
Carrying Value at 1 July 2015	7 657 095	7 910 537	91 717 524	530 804	1 424 409	109 240 368
Cost	7 657 095	9 765 979	208 558 372	922 892	4 661 951	231 566 288
Original Cost	7 657 095	9 765 979	208 558 372	922 892	4 661 951	231 566 288
Accumulated Depreciation and Impairment Losses	-	(1 855 443)	(116 840 848)	(392 088)	(3 237 542)	(122 325 920)
Original Cost	-	(1 855 443)	(116 840 848)	(392 088)	(3 237 542)	(122 325 920)
Acquisitions	-	47 040	1 979 992	487 948	350 253	2 865 233
Capital under Construction	-	-	6 640 018	-	-	6 640 018
Depreciation	-	(724 919)	(7 311 220)	(210 118)	(495 177)	(8 741 434)
Normal Depreciation	-	(724 919)	(7 311 220)	(210 118)	(495 177)	(8 741 434)
Correction of Error - Note 38.4	-	-	-	-	-	-
Carrying value of disposals	-	-	-	(106 960)	(228 446)	(335 406)
Cost	-	-	-	(437 166)	(924 569)	(1 361 735)
Accumulated Depreciation	-	-	-	330 206	696 123	1 026 329
Impairment losses	-	-	138 624	-	-	138 624
Reversal of Impairment losses	-	-	299 892	-	-	299 892
Impairment losses	-	-	(161 268)	-	-	(161 268)
Carrying Value at 30 June 2016	7 657 095	7 232 658	93 164 938	701 674	1 051 039	109 807 403
Cost	7 657 095	9 813 019	217 178 382	973 673	4 087 635	239 709 804
Original Cost	7 657 095	9 813 019	217 178 382	973 673	4 087 635	239 709 804
Accumulated Depreciation and Impairment Losses	-	(2 580 361)	(124 013 443)	(272 000)	(3 036 597)	(129 902 401)
Original Cost	-	(2 580 361)	(124 013 443)	(272 000)	(3 036 597)	(129 902 401)

11.2 30 JUNE 2015

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Lease Assets R	Other R	Total R
Carrying Value at 1 July 2014	7 469 448	8 635 455	85 221 809	489 875	1 602 123	103 418 710
Cost	7 469 448	9 765 979	194 827 721	983 810	4 312 288	217 359 246
Original Cost	21 832 843	20 539 026	194 827 721	773 810	4 312 288	242 285 687
Correction of Error - Note 37.4	(14 363 394)	(10 773 047)	-	210 000	-	(24 926 441)
Accumulated Depreciation and Impairment Losses	-	(1 130 524)	(109 605 912)	(493 935)	(2 710 164)	(113 940 535)
Original Cost	-	(9 442 123)	(109 605 912)	(378 435)	(2 710 164)	(122 136 634)
Correction of Error - Note 37.4	-	8 311 599	-	(115 500)	-	8 196 099
Acquisitions	187 647	-	2 355 904	273 960	374 003	3 191 513
Capital under Construction	-	-	5 900 733	-	-	5 900 733
Depreciation	-	(724 919)	(8 164 623)	(195 091)	(527 378)	(9 612 011)
Normal Depreciation	-	(724 919)	(8 164 623)	(195 091)	(527 378)	(9 612 011)
Backlog Depreciation previously not recorded - Note 37.4	-		-	-	-	-
Carrying value of disposals	-	-	-	(37 940)	(24 340)	(62 280)
Cost	-	-	-	(334 878)	(24 340)	(359 218)
Accumulated Depreciation	-	-	-	296 938	-	296 938
IGRAP 2 Adjustments	-	-	6 403 702	-	-	6 403 702
Cost	-	-	5 474 015	-	-	5 474 015
Reversal of Impairment losses	-	-	1 118 704	-	-	1 118 704
Impairment losses	-	-	(189 016)	-	-	(189 016)
Carrying Value at 30 June 2015	7 657 095	7 910 537	91 717 524	530 804	1 424 409	109 240 368
Cost	7 657 095	9 765 979	208 558 372	922 892	4 661 951	231 566 288
Original Cost	7 657 095	9 765 979	208 558 372	922 892	4 661 951	231 566 288
Accumulated Depreciation and Impairment Losses	-	(1 855 443)	(116 840 848)	(392 088)	(3 237 542)	(122 325 920)
Original Cost	-	(1 855 443)	(116 840 848)	(392 088)	(3 237 542)	(122 325 920)

APPENDIX A
KAMIESBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2015	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2016
LEASE LIABILITY								
Nashua	14.00%	Various		486 979	156 935	518 908	(425 631)	737 191
Nashua Mobile	10.00%	Various		-	-	22 105	(11 053)	11 053
Total Lease Liabilities				486 979	156 935	541 013	(436 684)	748 243
TOTAL EXTERNAL LOANS				486 979	156 935	541 013	(436 684)	748 243

APPENDIX B

KAMIESBERG MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

GENERAL FINANCE STATISTIC CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
			Governance and Administration			
(1 896 112)	(3 585 467)	(5 481 579)	Executive & Council	(1 754 784)	(3 568 957)	(5 323 741)
32 252 210	(6 074 343)	26 177 867	Budget & Treasury Office	34 854 969	(12 076 640)	22 778 329
793 807	(14 678 009)	(13 884 202)	Corporate Services	991 867	(10 052 874)	(9 061 007)
			Community and Public Safety			
553 769	(186 241)	367 528	Community & Social Services	694 270	(139 028)	555 242
-	-	-	Public Safety	-	-	-
129 068	(79 520)	49 548	Sport and Recreation	116 906	(161 307)	(44 402)
-	-	-	Health	-	-	-
-	-	-	Housing	-	-	-
			Economic and Environmental Services			
272 934	(896 878)	(623 944)	Planning & Development	217 943	(1 386 453)	(1 168 510)
870 310	(2 635 003)	(1 764 693)	Road Transport	219 576	(4 737 257)	(4 517 681)
-	-	-	Environmental Protection	-	-	-
			Trading Services			
5 204 607	(17 491 483)	(12 286 876)	Electricity	5 787 836	(10 343 047)	(4 555 211)
4 342 613	(3 069 344)	1 273 269	Water	3 453 001	(4 882 969)	(1 429 968)
1 943 204	(4 909 082)	(2 965 877)	Waste Management	2 998 346	(6 265 626)	(3 267 280)
1 407 576	-	1 407 576	Waste Water Management	1 212 864	-	1 212 864
45 873 986	(53 605 369)	(7 731 383)	Sub Total	48 792 794	(53 614 157)	(4 821 363)
-	-	-	Less Inter-Departmental Charges	-	-	-
45 873 986	(53 605 369)	(7 731 383)	**Total**	48 792 794	(53 614 157)	(4 821 363)
		(7 731 383)				(4 821 363)
		(0)				-

APPENDIX C

KAMIESBERG MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

MUNICIPAL VOTES CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
			EXECUTIVE & COUNCIL			
(1 896 112)	(894 326)	(2 790 438)	Municipal Manager	(1 757 411)	(994 481)	(2 751 892)
-	(2 691 141)	(2 691 141)	Councillors	2 627	(2 574 476)	(2 571 849)
			FINANCE & ADMINISTRATION			
32 252 210	(6 074 343)	26 177 867	Finance	34 854 969	(12 076 640)	22 778 329
1 011 826	(14 678 009)	(13 666 183)	Administration	1 209 811	(10 052 874)	(8 843 063)
542 755	(186 241)	356 514	Commonage	687 614	(139 028)	548 586
			COMMUNITY & SOCIAL SERVICES			
10 259	-	10 259	Cemeteries	5 502	-	5 502
754	-	754	Libraries	1 154	-	1 154
			SPORT AND RECREATION			
115 865	(79 520)	36 345	Sportgrounds and Community Facilities	94 372	(161 307)	(66 934)
13 203	-	13 203	Caravan Park	22 533	(1)	22 533
			WASTE MANAGEMENT			
1 943 204	(4 909 082)	(2 965 877)	Refuse and Sanitation	2 998 346	(6 265 626)	(3 267 280)
			WATER			
4 342 613	(3 069 344)	1 273 269	Water	3 453 001	(4 882 969)	(1 429 968)
			ELECTRICITY			
5 204 607	(17 491 483)	(12 286 876)	Electricity	5 787 836	(10 343 047)	(4 555 211)
-	-	-	**ECONOMIC AND SOCIAL DEVELOPMENT**			
54 915	(896 878)	(841 963)	Local Economic Development	-	(1 386 453)	(1 386 453)
			TECHNICAL AND ROADS			
870 310	(2 635 003)	(1 764 693)	Streets	219 576	(4 737 257)	(4 517 681)
			WASTE WATER MANAGEMENT			
1 407 576	-	1 407 576	Sewerage	1 212 864	-	1 212 864
45 873 986	(53 605 369)	(7 731 383)	Sub Total	48 792 794	(53 614 157)	(4 821 363)
-	-	-	Less Inter-Departmental Charges	-	-	-
45 873 986	(53 605 369)	(7 731 383)	**Total**	48 792 794	(53 614 157)	(4 821 363)
		(7 731 383)				(4 821 363)
		-				-

APPENDIX E
KAMIESBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2015	Correction of Error	Restated Balance 30 June 2015	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2016
National Government Grants								
Equitable Share	-	-	-	10 127 000	7 436 000	(17 563 000)	-	-
Finance Management Grant	-	-	-	1 875 000	-	(1 611 681)	-	263 319
Municipal System Improvement Grant	542 555	-	542 555	930 000	(1 212 616)	(98 741)	-	161 198
Municipal Infrastructure Grant	6 223 384	-	6 223 384	7 460 000	(6 223 384)	-	(7 460 000)	-
Integrated National Electrification Grant	164 805	-	164 805	500 000	-	-	(380 008)	284 796
Total National Government Grants	**6 930 744**	**-**	**6 930 744**	**20 892 000**	**-**	**(19 273 422)**	**(7 840 008)**	**709 314**
Provincial Government Grants								
Expanded Public Works Programme	1 052 520	-	1 052 520	-	-	-	(205 761)	846 759
Department Water Affairs and Environment	141 362	-	141 362	-	-	-	-	141 362
Library	622 808	-	622 808	965 000	-	(265 024)	-	1 322 784
Project Nala	620 180	-	620 180	-	-	-	-	620 180
Department Finance, Economic Development & Tourism	100 000	-	100 000	-	-	-	-	100 000
Tourism	31 275	-	31 275	-	-	-	-	31 275
Department Social Services	482	-	482	-	-	-	-	482
Department Sport, Arts and Culture	6 262	-	6 262	-	-	-	-	6 262
Drought Relief	24 409	-	24 409	-	-	-	-	24 409
Accelerated Community Infrastructure Programme	-	-	-	961 654			(961 654)	-
Total Provincial Government Grants	**2 599 298**	**-**	**2 599 298**	**1 926 654**	**-**	**(265 024)**	**(1 167 415)**	**3 093 513**
District Municipality								
Namakwa DM	324 125	-	324 125	198 768	-	(22 568)	(161 200)	339 125
Total District Municipality Grants	**324 125**	**-**	**324 125**	**198 768**	**-**	**(22 568)**	**(161 200)**	**339 125**
Total Grants	9 854 167	-	9 854 167	23 017 422	-	(19 561 014)	(9 168 623)	4 141 952

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

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